APPENDIX.

Members
Chicago Real Estate Board
National Assn. of Real Estate Boards
Chicago Fire Underwriters Assn.

THOMAS & FITZPATRICK
REALTORS
155 North Clark Street
CHICAGO, ILL.

April 27, 1938

To: Holders of Stock Or Participating Certificates in the "4145 Broadway Hotel Company".

Records of the above named Corporation show that your stock is being held by three Trustees, namely, George W. Rossetter, Jay C. McCord and M. A. Rosenthal.

In 1929, the Circuit Court of Cook County, Illinois, appointed a Receiver for the Flanders Apt. Hotel Co. which is the same property as that named herein. The active management of the property, however, in effect, remained with individuals connected with S. W. Straus & Co. until about one year ago when management was taken over by the Securities Service Corporation, also owned and controlled by former officers or employees of the now defunct S. W. Straus & Co.

On March 11, 1931, S. W. Straus & Co. soliciting your deposit of bonds, wrote the bondholders to the effect that the Bondholders' Committee would make no charge for its services and on September 28th, 1931 after nearly all bonds had been deposited, the then Committee urged the deposit of remaining bonds saying the Committee had agreed to act without compensation. Subsequently the Court awarded them pay for services.

On **March 23, 1932** the Committee **showed $56,755 due on taxes** and on **January 23, 1934** the Committee among other things informed you that **taxes due amounted to $95,-173.75.** On March 7, 1935 the United States Court confirmed a Plan of Reorganization and appointed the then Bondholders' Committee as Trustees, to control your property for 10 years and at the same time the Court ordered said Trustees to file reports each calendar year. They did not file any reports until January 18, 1938 at which time I properly called the Courts' attention to it and they were given leave to file those reports within fifteen days.

Briefly those reports show as follows:

A Net Loss From July 29, 1935 to December 31, 1935 of $9,786.53.

A Net Loss for the Year Ending December 31, 1936 of $26,453.36.

A Net Loss for the Year Ending December 31, 1937 of $23,282.15.

and that **the unpaid taxes then amounted (including 1937) to $234,665.22** and that they have on hand over $47,500 and yet allow tax **penalties alone to increase during 1937 at the rate of over $2000 per month.**

The Receiver petitioning the State Court says he did not act as receiver after March 7, 1935. The Trustees say they did not take possession of the property until July 29, 1935. In the interim, the property was being managed by a former officer of S. W. Straus & Co. The Trustees appointed are **not under bond.** In my opinion, it is gross negligence on the part of said Trustees to defer taking possession of the property for over four months after they were appointed. In view of the extremely poor showing,

is it any wonder that the Trustees did not file reports in Court as ordered for over two years?

Under present market conditions what was an original bond investment of $1,000 was sold for about $25.00. Do you wonder at such a price when you look at the record of this property under its present and past management and see that the taxes alone amount to $234,665.22 plus ever increasing penalties and prior liens all to be paid before **you** can realize anything more than a pittance for your interest? How long do you think, under the present management, it will be before you can not realize even $25.00 for a $1000 original investment?

Do you still feel that you want the present Trustees to continue managing your property for 7 years more?

The Trustees have refused offers to lease the property on a guaranteed rental of $36,000 per year plus a percentage. **Why?**

I realize that there are approximately 1300 widely scattered stock or participating certificate holders throughout 38 States as well as in Portugal, Canada, Ireland, Philippine Islands and Canal Zone and that it is practically impossible for us to get together personally to protect our own interests.

The writer is a stockholder and for the past 12 years has been a licensed real estate broker in Illinois.

I am endeavoring to have the present Trustees **removed and if you agree with me that they should be removed, your cooperation is essential. There will be no charge to you for my services.** I am enclosing Power of Attorney, which will enable me to act for you but will not permit me to sell your stock or participating certificates. I hope that possibly something more than the past history and present

outlook seems to indicate, may be saved for the Certificate Holders if we can soon enough enter cooperating forces to exercise the fundamental control which lies with the Certificate Holders.

I am enclosing a self-addressed envelope for return of power of attorney which please sign and have witnessed by two persons and I shall be glad to have you write me if there is anything connected herewith which you do not understand and in any event, I will appreciate a reply.

Yours very truly,
F. Gerald Thomas.

FGT:C

P. S. If you have disposed of your Stock or Certificate, kindly furnish me name and address of purchaser.